Private Heritage Houses
Position paper

"A Renovation Wave for Europe – greening our buildings, creating jobs, improving lives"

More than 40% of the historical building heritage in Europe is privately-owned. The European Historic Houses (EHH) and the European Landowner's Organisation (ELO), which speak for millions of family-owned heritage houses[1] all over Europe represent some of the potentially most endangered and fragile houses which could be impacted by the recently launched Commission's Renovation Wave initiative.

EHH and ELO are keen to actively contribute to the common climate and environmental objectives and are in favor of making the existing building stock more energy efficient. We are convinced that better-performing buildings can ensure healthier and safer living environments for all citizens and for future generations. Investing in energy efficiency can significantly reduce utility costs by contributing at the same time to the overall fight against climate change. By the same token, we see significant potential for job creation, especially at the local level, via the thousands of construction SMEs and craftsmen in the sector. By means of massive state investments a new market in the field of digitalisation, circular economy, and energy retrofitting can be created and developed.

However, it is of the utmost importance to understand that many energy efficiency measures cannot be applied without seriously damaging and altering what is for many the very essence of the European continent: its cultural heritage. The inclusion of historical buildings within the scope of the new Directives risks more than just the buildings, but the wider impact of cultural heritage on the economy. EHH and ELO therefore suggest taking measures to acknowledge the uniqueness of cultural heritage within the built real estate sector.

Preserving the European Heritage Value

The major characteristic of our members' buildings are their historical, cultural and aesthetical values: they are the "showcase" of Europe when people drive through our lands. Therefore, many countries impose heavy regulations and protections on our buildings in terms of visual changes and this limits opportunities for renovation and reuse. A blind imposition of energy efficiency requirements would not only go against national regulations but would also be practically impossible (insulations of walls from the outside, photovoltaic panels on roofs, ….) or extremely costly (custom made new windows, …) and particularly detrimental for the uniqueness of the EU built cultural heritage. For that reason, **the existing article 4.2 of the Energy Performance of Buildings Directive (2010/31/EU), which allows for the exclusion of protected historic buildings from energy efficiency requirements is a necessary safeguard to prevent an irreversible deterioration of our priceless built heritage.**

Although this uniqueness is guaranteed through regulation, the fact remains that our managers and owners have a variety of buildings that are not always *specifically* listed as historic buildings, though they may sit within the curtilage or be related in some manner. These buildings have different functionality: from old typical farm buildings to holiday cottages, residential or commercial lettings,

[1] https://www.europeanlandowners.org/heritage-houses-for-europe/wp-content/uploads/2019/09/Final-Study-Heritage-Houses-FINAL-1809-online.pdf

houses with an important historical and cultural value (concerts, visits, etc…) or even the park and the landscape surrounding it (which was often created for it). They are often the backbone of rural communities providing common goods such as food, but also affordable housing. In historic cities these buildings are the backdrop to our daily lives. We often do not talk about a single building, but a coherent area that was built as an "ensemble" of a precious heritage landscape and territorial dimension.

A balance must be struck between the imperative to ensure that our heritage houses are as efficient as possible, and a realistic stance towards what is actually possible and reasonable for historic buildings which do not and cannot conform to normal modern construction rules and for which maintenance and renovation work often cost far more than for a modern building. Whilst we are the first to acknowledge the importance of energy efficiency, we are equally aware of the challenges (both practical and financial) which need to be addressed in the context of historic buildings and energy efficiency regulations.

A major effort to be made on financing and R&D

The double complexity of current regulations and heritage building techniques for historic houses means it is all the more necessary to incentivise heritage house owners to do their part in implementing energy efficiency measures. Financial stimulation and the use of a variety of EU financing policy tools are effective means: a mix of funding mechanisms, subsidies, income tax deductions and reduced value-added tax rates on renovation works should be considered.

There are several examples in Europe where renovation work is either tax deductible or attracts a reduced rate of VAT. The latest country was Italy with the "Super bonus" which allows the owner to deduct 110% of the expenses incurred for specific building improvements from the personal income tax. This has the particular effect of encouraging the release of capital from other investments, to then be invested into improvements to the historic fabric of the heritage building.

The Funding mechanism from the European Investment Bank (EIB) was also a good step as it supported project development services for energy-efficiency investments in privately owned housing. However, it has proven less available to private owners situated outside big cities, where managing authorities have the administrative and financial means to operate in such massive investment programmes. The EU Invest Fund should correct this and help private owners particularly in rural areas to get better access to fundings available.

The accessibility of energy-efficient material compatible with the regulations imposed on historic buildings is also a major issue, as is their much higher price in comparison to the" mass market" non-heritage-approved alternatives. According to the European Commission's report Building Renovation Challenge[2], "the renovation market is principally supply driven which can lead to a mismatch between the offered products and the end-users' needs. Many consumers see high operating costs and the poor environment as an acceptable alternative to the time-consuming, disruptive and risky renovation process". Therefore, a push on R&D of historic house-compatible building materials (e.g. regulation-compatible PV roof tiles, speciality glass to be used with existing window frames…) should be undertaken so that energy efficiency renovations are possible.

[2] https://ec.europa.eu/easme/sites/easme-site/files/practical_approaches_to_the_buildings_renov_challenge.pdf

The benefits of such a forward-thinking approach have never been more relevant, with the impact of the COVID-19 crisis. Many historic house owners are finding themselves in financial difficulties as their main source of income (through commercial diversification of the historic house) has been closed or diminished by government regulation. At the same time, costs of maintenance cannot be avoided. Such owners have to focus any available funds on reopening their houses or businesses, else they may need to lay off employees or even sell the property itself. So even simple investments cannot easily be envisaged, and even less the more expensive projects to change windows, insulate roof spaces or install solar panels.

Whilst it may be true that energy-efficient buildings lower energy bills, it is also true that renovation requires high upfront investments and considerable costs that many simply cannot afford at this time. Promoting renovation – not to mention imposing it through mandatory annual minimum renovation rates to be attained – will fall short of its social objectives unless coupled with the counterbalancing incentives and necessary support.

The renovation of existing private heritage houses will only be achieved through a balanced and fair incentive scheme and the availability of the most appropriate materials at reasonable and realistic cost.

Necessity of life-cycle assessments of historic buildings

The proposal to assess all carbon chain emissions of European buildings stems from a global imperative to improve the understanding of carbon life-cycles and the reduce any unseen negative carbon impact long after an efficiency measure is undertaken.

This is a laudable desire; however, the life carbon approach should be founded on a scientific basis, and reality-checked based on the geographic, climate, social and environmental conditions of each buildings. It is important to therefore put historic houses on a comparable level to other buildings by ensuring the correct CO2 emissions of buildings are assessed with a holistic view. They should take into consideration the entire life of the buildings (historic houses were built to last for several hundreds of years and not a few generations) and also by evaluating the carbon emissions of materials and techniques used for the construction of the building itself (e.g. stone, masonry and wooden roofs in the past were carbon neutral and used locally sourced materials, vs steel and glass building materials today which are manufactured using high energy inputs, globally sourced and then shipped, resulting in massively carbon negative materials).

The Commission's intention to examine how the EU budget resources alongside the EU Emissions Trading System (EU ETS) revenues could be used to fund national energy efficiency and savings schemes can be interesting. Our sector is willing to play its part but we would like to have more clarification on the methodology and criteria to be applied.

Evaluating Mandatory Minimum Energy Performance Standards (MEPS)

While our sector is ready to fully engage in the amelioration of the energy performance of building across Europe, we need to take care of historical buildings which have aesthetical, social, legal and economic constraints which are very different from other types of buildings. A blind imposition of Mandatory Minimum Energy Performance Standards (MEPS) without evaluating the impact it could have on existing buildings and their relevant environment will be particularly detrimental.

For example, energy performance certificates have been a real disappointment in many countries, with sub-optimal rating methodologies and inadequate recommendations for the cost-optimal or cost-effective improvement of the energy performance of the building or building unit. The very limited impact of EPCs on energy use and consumer behavior has been highlighted, for example in the very critical Swedish National Audit. The quality of EPCs is not consistent amongst the Member States and the credibility of these Certificates as a way of giving an accurate evaluation of building energy performance – or worse, as a tool for assessing the extent to which a renovation has achieved energy savings – is severely undermined.

The possibility of having a different approach for different segments (i.e., residential vs. non-residential; rented vs. owner-occupied; public vs. private) is to be considered. A gradual introduction of the obligation would also be preferable, starting with segments that can lead by example (e.g. first for public buildings, then office buildings).

Strengthen advice and training courses for historic buildings owners

Land managers and historic house owners are in need of better advice and training on how, when and why to renovate and at what cost, and where to find the necessary financial support. Often, they have no relationship with their local, regional or national administration, leading to missed opportunities for all parties and for the heritage itself.

This could be easily solved if the European Commission were to incentive each Member State when drafting their national long-term renovation strategy to include relevant private owners' organisations in the decision-making process.

In that sense, we much welcome the creation of a European platform that should allow our sector to help to find solutions but also to avoid any detrimental interventions which are not reversible and might affect the intrinsic values of the traditional homes.

European Landowners' Organization (ELO) 36063991244-88

Created in 1972, ELO promotes a prosperous and attractive European Countryside. ELO is a unique federation of national associations from the EU27 and beyond which represents the interests of landowners, land managers, rural entrepreneurs and family businesses. It targets its actions on land use and housing, via seven major areas of European importance: environment, renewable energy, agriculture and rural development, the status of private property and companies, forest, enlargement and trade.

European Historic Houses (EHH) **204022211093-63**

European Historic Houses is an umbrella association covering 24 national associations of privately-owned historic houses. Overall, it represents approximately 20.000 historic houses in Europe. EHH aims at raising awareness on and advocating for private cultural heritage at the EU level. At the same time, the association promotes international dialogue and the exchange of information, experiences and best practices between its members. In this way, EHH intends to defend the conservation, enhancement and intergenerational transmission of private historic houses. Private cultural heritage is an integral part of EU cultural heritage. Private historic houses have the potential to make a decisive contribution to the enhancement of the territories to which they belong, as well as to the well-being of the local communities and consequently to the European economic and social development as a whole.